

Chapter 7: **Optimizing the Use of Superfund Dollars**

A principal objective of the study is to identify short- and long-term opportunities for improving the Superfund program's use of its resources. While the study identified many areas for improvement, it also noted the program's consistent record of improved management approaches. EPA headquarters offices have diligently pursued new policies and approaches to maximize resource utilization. The Regions also have proved to be a great source of best practices and ideas that should be shared across the country. The issues and recommendations identified and highlighted in this section will help the Superfund program achieve greater efficiencies and cost-effectiveness. However, the gap between the current construction project funding needs and what can be realistically obtained through greater efficiencies will remain significant and well beyond the ability of EPA to address internally.

Every effort has been made to make the following issues clear to all who may read this chapter. However, some issues are very specific in nature and maybe difficult for those without a working knowledge of the subject area.

Improving and Increasing Site-specific Charging

The Regions perform many activities that are charged site-specifically. Consistent and accurate site-specific charging strengthens the program's cost recovery by ensuring that potentially responsible parties (PRPs) pay their fair share (neither more nor less) of site cleanup costs. It also helps EPA demonstrate to Congress and to the public that the Agency is using its Superfund funding to conduct site-specific work, as opposed to costs that cannot be allocated to specific Superfund sites, like the rent or research. Within EPA, increasing site-specific charging will reduce overhead by properly accounting for hours and will reveal resource misallocations or adjustments that may be needed.

Historically, remedial project managers (RPMs) and on-scene coordinators (OSCs) are most likely to charge time site-specifically, since their day-to-day assignments involve this type of work. Staff whose work is closely associated with RPMs and OSCs, whether for technical support (e.g., toxicologists, hydrologists, and ecologists) or legal support (e.g., attorneys, paralegals), would also be expected to have higher rates of site-specific charging. Other work, particularly administrative work does not tend to be charged site specifically.

In the early years of the program, before the unique nature of Superfund support work was fully developed, this approach made sense. Today, however, it appears that some of the administrative work legitimately can and should be charged site-specifically. At present, most Regions charge to sites work done on contracts or for cost documentation and billing, but not work done on site-specific interagency agreements (IAGs), grants, and special accounts. The Superfund program may also have opportunities for charging for site-specific assistance provided by the Regional or headquarters staff who work with members of state governments or Congress.

Based on the Office of Enforcement and Compliance Assurance's (OECA's) report for FY 2003 on the regional use of enforcement and response full-time-equivalent (FTE) positions, overall site-specific charging varies from a low of just below 23 percent to a high of 39 percent. The highest site-specific charging occurs in Region 10, and appears to be attributable to higher site-specific charging in the laboratory and management divisions, which is an anomaly across the other Regions.

Because of the varying regional organizations and budget structures, however, making a precise comparison is very difficult. Site-specific charging for response work ranges from about 30 to 60 percent, while charging for enforcement work ranges from about 10 to 20 percent. The lower rate for enforcement reflects a change in work definitions made in the mid-1990s. (A recommendation on the change in work definition is discussed in the *Chapter 4: Enhancing Enforcement*).

Most EPA offices and support divisions that assist the Superfund program have much lower site-specific charging rates than the Superfund program divisions. For example, data from the OECA report reveal that the divisions providing analytical support charge virtually nothing to site-specific enforcement accounts and 10–20 percent to response accounts. Site-specific charges from the Offices of Regional Counsel range from 20 to 47 percent.

Headquarters and the Regions are concerned that the Agency's new payroll system will hinder attempts to improve site-specific charging, since it does not appear to have the reporting capabilities of the current system. The current system has Superfund accounts preloaded, which allows the user to select the appropriate account and enter the time worked. All necessary calculations are performed by the system. The new system does not have preloaded account numbers. Users who need to allocate time to a specific account must enter the account themselves. The Office of the Chief Financial Officer (OCFO), with the assistance of OECA, the Office of Solid Waste and Emergency Response (OSWER), and the Regions, needs to monitor this issue closely as the Agency transitions to the new system.

As with many of the issues covered in this study, an important first step toward improvement is better information. Currently, OECA sends a monthly report on site-specific charging to the budget coordinators in the regional program offices. According to OECA, these reports are then forwarded to the Superfund Division Directors. Regions that have improved site-specific charging have developed detailed reports on the charging

of each individual in a division that supports the Superfund program, and management monitors these reports.

Best Practice: Region 3 sends out a biweekly reminder to RPMs, OSCs and other Superfund program personnel required to submit timesheets, and provides a monthly report on who has (or has not) charged site specifically. The same Region also provides a quarterly report that breaks down for each organization the actual charging by individual, so that corrective action can be taken where warranted.

Recommendation 67: OECA should set a site-specific charging goal (e.g., XX percent) tailored for each Region. To ensure progress toward that goal, OECA should ask the Regions to submit three-year implementation plans and establish a system to track the performance of those plans. (Near term)

Recommendation 68: Key program offices (OCFO, OECA, and OSWER) should review the new payroll system to determine if there are opportunities to make site-specific charging easier and more user-friendly. (Near term)

Improving Cost Analysis

A few Regions have an established process or expertise for good cost analysis for remedial and removal actions. In recent years, other Regions have begun working to improve their ability to estimate these costs. These skills are necessary in several arenas: initially preparing an independent government cost estimate (IGCE), reviewing bids as part of the remedial action contract (RAC) negotiations, and monitoring and controlling cost growth at sites with ongoing construction. While rigorous cost analysis can make the overall Superfund program more efficient and less costly, this work requires specific experience and knowledge. Many Regions have been building capacity in this area by: (1) seeking out experience within the Region; (2) enhancing training for RPMs and OSCs on cost analysis; (3) hiring new employees or Senior Environmental Employees with this experience; and (4) tasking the U.S. Army Corps of Engineers (Corps) or contractors to conduct third-party reviews. OSWER has already come to similar conclusions and has begun to work with the Regions to address this issue.

Best Practice: Region 5 has a generic task order with the Corps to conduct a third-party review of each IGCE to ensure that costs are fully reviewed. Each review generally costs a few thousand dollars.

Recommendation 69: The Regions should continue to build cost analysis expertise through the approaches identified above. (Long term)

Option: OSWER should help the Regions by preparing and distributing a “cost cookbook” describing frequent construction tasks and estimates of the hours needed to complete these tasks. This cookbook could include both good and bad examples and experiences from the Regions. (Long term)

Revising Deobligation Policies

Over the last several years, OSWER has lead an Agency-wide effort to deobligate excess funds on contracts or funds on expired contracts. This effort has deobligated a significant amount of money—\$219 million in FY 2002 and \$109 million in FY 2003. OSWER recently began to focus on IAGs, especially those with the Corps (the federal agency EPA partners with most). The Agency’s approach to deobligations should focus both on near-term, one-time opportunities and on longer-term procedural changes that would achieve a consistently higher rate of utilization of obligated funds, so that fewer and smaller deobligations are needed.

The current policy places 75 percent of the resources deobligated by the Regions into a national deobligations pool that OSWER manages. The Regions retain the flexibility to use 25 percent of regional deobligations to fund other response activities. Many Regions believe that changing the headquarters/regional ratio and dedicating a greater amount to work at National Priorities List (NPL) sites (remedial and removal) could speed up the completion of construction work.

The policy memoranda and guidance regarding the Brownfields program are another potential area of change. Deobligation policy documents for Brownfields grants were written prior to the enactment of the Small Business Liability Relief and Brownfields Revitalization Act (SBLRBRA) of 2002. These documents directed the Regions to review and take action on older grants where funds had not been expended. In December 2003, upon reviewing all the funds obligated for Brownfields activity since 1993, the study team found that a substantial number of grants with obligated funds still had no expenditures. While the Regions have begun the process of reviewing these grants, resulting in deobligations and better utilization of the grant funds, the Regions should carefully review all remaining grants to ensure the work will occur. Further, OSWER should review the existing policies and guidance to determine if they should be updated in light of the SBLRBRA.

Option: OSWER, working with the Regions, should revise the deobligation policy to increase the ratio of deobligated dollars returned to Regions (e.g., to 50/50), with the proviso that a high percentage of the funds be directed to remedial action or removals at NPL sites. (Near term)

Recommendation 70: OSWER should review and potentially revise the Brownfields deobligation policy documents in light of statutory changes and the progress made in reviewing older grants. (Near term)

Recommendation 71: OSWER and the Regions should evaluate the unexpended dollars on older Brownfields grants to determine if those funds can be used for the original award purpose. (Near Term)

Billing and Closeouts of Grants, IAGs, and Contracts

Timely and efficient billing and closeouts of grants, IAGs, and contracts is key to the program's successful management, as well as to the efficient use of Superfund resources. When looking at this area, the study team found that the efficiency of the billing and closeout process differs for each funding mechanism. Because contractors have a built-in business incentive to provide EPA with clear and prompt invoices, this process tends to work the smoothest. Contracts management also benefits from a fully automated billing and payment system, which is not now available for grants and IAGs.

In recent years, grants management has improved due to a series of measures initiated by the Office of Administration and Resources Management (OARM) and implemented by Senior Resource Officials. These measures included developing a national plan for managing grants, updating policies, and improving training. However, there is still one major hindrance to grant closeouts in the Superfund program. Several Regions are having difficulty getting some of their states to submit final financial status reports. This may be due to a variety of factors, including budget cuts in the states and lack of incentives.

The study team received the most input in the IAG area. It appears that improvements are needed by both EPA and the EPA partner agencies. Many Regions are concerned that other federal agencies will routinely submit lump-sum invoices, which make it extremely difficult for a project officer to review and approve work completed. There also appears to be confusion among some Regions regarding procedures for invoicing from the Corps. Since March 1990, EPA and the Corps have had a payment process in place called Direct Cite. The Corps sends certified invoices for contractor costs and Corps in-house costs directly to EPA's Cincinnati Financial Management Center, which pays the invoices upon receipt. Any issues that an RPM has with an invoice are discussed with the Corps project manager, and any adjustments are made to later invoices. Under this process, the only invoice requiring prior approval from the RPM before payment is the invoice marked "final." Based on regional interviews, it appears that not all Regions are aware of this policy. This payment issue was also raised in the August 2003 internal report for OSWER, *Evaluation of the Performance of the Corps of Engineers in Support of EPA's Superfund Program*. One of the report's recommendations was that the Direct Cite document should be re-circulated among the Regions.

Another issue raised was the inability to close out IAGs and contracts quickly. Closeouts for IAGs are delayed primarily because of other federal agencies' inability to provide a final bill or technical report. Contracts are slow to be closed out because of late subcontractor billings or disputes, various contractors' claims and protests, adjustments to overhead rates, final audits, etc. Consequently, the Regions do not deobligate funding on contracts or are unable to do so for IAGs, sometimes for many years beyond the completion of construction. Regions are reluctant to deobligate any funds prior to closeout of contracts or IAGs because they are concerned that any trailing costs or adjustments to overhead rates would come out of their current year funding. These

concerns discourage any attempt to deobligate funds prior to closeout, which needlessly ties up funds that could be used on current remedial or removal actions at NPL sites.

Recommendation 72: For programmatic contracts and IAGs, OSWER should immediately establish a pool of \$5 million to cover indirect cost rate adjustments and late bills for Headquarters and Regional response contracts and additional bills for IAGs. This pool will give the Regions and headquarters more incentive to deobligate funds after a contract or IAG expires. Once the pool is formally established, OARM and the Regions could begin deobligating funds from older expired contracts. In addition, formal establishment of this pool may assist in convincing other federal agencies to agree to close out or reduce the dollars available on expired IAGs. (Near term)

Recommendation 73: OCFO and OARM should work together to develop standard operating procedures for resolving billing issues with other federal agencies. (Near term)

Recommendation 74: If it has not already done so, OSWER should circulate the Direct Cite payment process document to the Regions and ensure that staff members are properly educated on the process. It may be prudent for OSWER and the Regions to review the process to determine if changes need to be made. (Near term)

Recommendation 75: OARM and OCFO, in consultation with the Grants Management Council, should review the current IAG closeout policy to determine if any revisions to the guidance are needed. (Near term)

Recommendation 76: Common grant closeout issues should be discussed at the Grants Management Council, and the Agency should establish consistent approaches to these problems. (Long term)

Recommendation 77: Headquarters and the Regions should identify which other federal agencies they are having difficulty with managing and closing out IAGs. They should communicate the issues and problems to OARM and OCFO, who will contact their counterparts at the other federal agencies to resolve them. (Near term)

Recommendation 78: For IAGs, grants, and contracts, OARM should establish appropriate closeout performance measures and send quarterly reports to Senior Resource Officials with outstanding closeouts, including the amount of outstanding dollars. (Near term)

Gaining Efficiencies Through Alternative Contract Mechanisms

There have been efforts throughout the years to make all Superfund contracts more cost effective and efficient. For example, over time the number of remedial action contracts (RACs) has been greatly reduced. Agency policy is to award two RACs to support each Region. However, there continues to be discussion about whether the existing contracts are used effectively and are appropriately funded, whether different contract types should

be used more frequently (e.g., performance-based and site-specific contracts), and whether contracting functions should be consolidated among the Regions.

OARM recently conducted an analysis of the current RACs and sent it to the Regions, asking them to identify their needs and unique issues. The analysis revealed a wide variation in the amount of funding that Regions had placed in their RACs. Some of the Regions, at their present expenditure rate, had placed enough funding on their RACs to be able to utilize them for several years in the future without placing additional funds on the contracts. This availability of funds ranged from 1.2 years to 4.6 years in the future. The details on how each Region obligated their funds is not known, however, it would seem prudent that funding for two years or less would be appropriate given the Agency's appropriation process and the current demands for Agency funds for site cleanup. Ultimately, this RAC analysis will result in better utilization of funds in the RAC contracts by addressing additional site work and/or deobligating funds.

The Agency continues to explore ways to obtain cost savings and efficiencies through different contract types. Because of the high dollar value of contracts within the Superfund program, pursuing alternative contract types could result in significant cost savings. While pursuing alternative types of contracts (i.e., performance-based, site-specific, and task order contracts) will require a greater investment in Agency and Superfund program time and personnel, done properly, these different contract types can result in significant cost savings to the program. OARM has been exploring alternative contract types for several years, and now conducts performance-based contract training on a case-by-case basis when an office prepares a new contract procurement. Because many of the alternative types of contracts are new to contracting officers and project officers, increased training and oversight will be necessary. It is also important for senior management to gain an understanding of these alternative types of contracts to ensure that they are considered when contracting decisions are made.

In addition to exploring different types of contract vehicles, OARM and the Regions should consider the value of consolidating the contracting function in fewer locations. These “centers of excellence” could service contract needs for two or more Regions. Regions 10 and 7 consolidated their contracting functions several years ago.

An issue that was discussed during the regional interviews is the importance of the experience of the RPM overseeing the RAC work assignment. Ensuring that RPMs can successfully manage the complexities of the RACs requires appropriate training and oversight of RPMs. OSCs receive more rigorous contract training than RPMs because the nature of their work requires them to make on-the-spot decisions that can affect a contract. It may be useful for OSWER to evaluate whether portions of OSC contract training should be incorporated into RPM contract training. Another option is to conduct peer reviews of work assignments and IGCEs developed by less experienced RPMs as needed. Even with appropriate training and oversight, an RPM needs to spend time in the field monitoring the contractor at the site. Without a field presence, the cost of the work being conducted at a site can easily increase.

Greater contract efficiencies may also be obtained by creating or enhancing partnerships between the contracting officer and the project officer. This will help ensure that all parties are aware of issues that arise and are handled appropriately and in a timely manner.

Best Practices: Region 3 has been able to use its existing RACs built-in incentives and disincentives to have subcontractors conduct performance-based work. This required defining the work and developing a surveillance plan. The Region followed this approach in two instances: first, at a site where it decommissioned a dam and treatment plant, and second at a site involving long-term response action. This best practice entails substantial upfront work the first time it is tried for a "new" kind of site. For example, for a pump-and-treat system, it is necessary to spend about a year gathering the data needed to define the performance desired before a good surveillance plan can be developed.

Recommendation 79: OARM, OSWER, and the Regions should work together to encourage the use of alternative contract types. Other types of contracts beyond those mentioned could be piloted to determine whether they would be appropriate options for Superfund work. (Near term)

Recommendation 80: OARM and regional contracting officers should offer regular training for contract personnel, RPMs, OSCs, and project officers in alternative contract mechanisms. (Long term)

Recommendation 81: OARM and the Assistant Regional Administrators should conduct an analysis to determine if cost efficiencies and programmatic benefits can be obtained by consolidating contract functions. (Long term)

Recommendation 82: OSWER, with support from OARM, should provide increased contract management training. Increased training or peer reviews could focus on development of work assignments and IGCEs, reviewing invoices, and overseeing contractors. (Near term)

Recommendation 83: OARM and OSWER should work closely with the Regions to monitor contracts to ensure that the Regions have not funded their contracts into the future to an extent where they cannot appropriately use the funds during the contract period. (Near term)

Increasing Efficiencies for Grants and IAGs

The Superfund program uses IAGs to obtain a variety of services to assist with site work and other work associated with site cleanup. Examples of services that a Region may obtain through an IAG are design and construction at sites, real estate assistance (buying property or obtaining easements), and ecological risk assessments. Because of the amount of work that the Superfund program has performed through IAGs, the issue of whether the process could be made more efficient was raised during the study.

In addition, the Regions manage a wide variety of Superfund grants. They include technical assistance grants awarded to communities and citizen groups, core grants to states and tribes to support their capacity building, multi-site cooperative agreements to states for site assessments and other work at multiple sites, and site-specific grants to states to conduct cleanups or support EPA or PRP cleanup.

Another issue raised during interviews was the number of newer grants going to states that still have large sums of money remaining on existing grants for the same type of work. Some Regions have begun to address this problem by not issuing new grants for the same activities until the money on older grants is expended and the grants are closed out.

Regional managers and staff expressed a need for the proper tools and reports to be able to manage IAGs better. The Agency has some systems already in place, and others that may only need to be expanded to address this and other issues regarding better IAG management. One system is the Integrated Grants Management System (IGMS). Another possibility is ORBIT, a new system currently being launched by OCFO. Some Regions felt strongly that IGMS would assist them in monitoring and closing out IAGs.

Some of the issues involving IAGs may result from a lack of training, specifically on IAGs. Issues that may need to be included are emphasizing deliverables and milestones as part of an IAG and defining appropriate criteria for when to extend the project period for an IAG. Numerous IAGs have had their durations extended, some more than once. The Agency needs to establish a consistent process for how and when changes in durations to IAGs are addressed as well as for grants. These long periods of performance can make it difficult to manage and close out a grant or IAG.

OARM has been working with Senior Resource Officials to improve how the Agency is managing its assistance agreements. While much has been done in the grants arena, IAGs are just beginning to receive attention. The following recommendations are intended to build upon the work that has begun.

Recommendation 84: In the near term, the OSWER Senior Resource Official should establish policies for the durations of grants and IAGs. For the long term, OARM should work with the Agency to establish Agency policies for the durations of all types of grants and IAGs. (For the older grant and IAGs that have had their periods of performance extended on multiple occasions, the Senior Resource Official should monitor those agreements carefully and work with OARM to close them out as soon as possible). For new grants and IAGs, these assistance agreements should be closely monitored to ensure that they do not exceed the new durations, whose length may vary depending on type of activity. (Near term/long term—two-part recommendation)

Recommendation 85: OARM and the Regions should analyze the different types of grants to determine their current funding levels and draw-down histories and establish criteria that will be used to evaluate grants that need increased monitoring. (Near term)

Recommendation 86: OARM should continue its commitment to create an improved overall training course for project officers and IAG specialists focusing solely on IAGs. Topics that may need to be included are emphasizing deliverables and milestones as part of an IAG, outlining criteria for when to extend the project period, managing billing issues, and emphasizing proactive monitoring of IAGs. (Near term)

Recommendation 87: OARM should continue to build upon the improvements already undertaken to better monitor grants in the areas of billing, deliverables, and milestones, and should ensure that the proper monitoring tools are available to managers and staff. As part of training for new project officers and recertification training, OARM should continue to ensure that all staff members are fully trained on using available tools, such as the Financial Data Warehouse and OARM databases. (Long term)

Recommendation 88: OARM should provide status updates to project officers and managers on the future deployment of the IAG module of IGMS. (Near term)

Collection of a Match for Superfund State Contracts

Based upon a short analysis, there appears to be variation in how the Regions manage Superfund state contracts (SSCs). Established between the Agency and states, SSCs specify how states will provide their 10 percent cost share for cleanup at Fund-lead sites. Some Regions set up payment schedules for the states, while others appear to collect the funding after the construction has been completed. Waiting until after a cleanup is completed to collect a state's share ties up appropriated dollars that could be used on other remedial actions. By correcting slow collections from states, the Agency can use more appropriated money sooner for remedial actions.

The most recent guidance for SSCs, *Classic Two-Party Superfund State Contract (SSC) Model Clauses*, was finalized in August 1990. This document primarily consists of model clauses for SSCs, and also includes guidance on such areas as cost sharing. Based on the varied interpretations among the Regions on SSCs and the age of the present guidance, it may be prudent for OSWER to evaluate whether the document needs updating.

Recommendation 89: OSWER should evaluate and update, if necessary, national policy on state cost share, payment policy, and refund policy. If this guidance does not need to be updated, the 1990 guidance should be recirculated. (Near term)

Recommendation 90: OSWER and OCFO, if needed, should work together to establish monthly reports that staff and managers can use to better track SSC collections, obligations, and expenditures. (Near term)

Recommendation 91: OSWER and the Regions should work together to establish performance measures for SSCs which could address the timeliness of collecting funds and returning excess funds to states. (Long term)

Doing Business with Other Federal Agencies

The Superfund program has come to rely heavily on the Corps and other federal agencies to manage the cleanup of large Fund-lead sites. During interviews with regional and headquarters personnel, various issues were raised regarding IAGs with other federal agencies. Many of the issues raised were focused on IAGs with the Corps because the Corps has the overwhelming number of IAGs with the Superfund program. However, the recommendations apply to all IAGS.

Table 7: Number of Superfund IAGs Active & Expired as of 3/10/04 with a Current Balance

	Total IAGs	Corps IAGs	Other Agency IAGs	% w/Corps
Region 1	92	65	27	71
Region 2	167	140	27	84
Region 3	99	58	41	59
Region 4	49	33	16	67
Region 5	54	31	23	57
Region 6	32	22	10	69
Region 7	18	7	11	39
Region 8	54	11	43	20
Region 9	71	45	24	63
Region 10	30	20	5	67
OSWER	98	8	90	8
Total	764	440	227	58

Table 8: Dollars Obligated on Superfund IAGs Active and Expired as of 3/10/04 with a Current Balance

	Total Dollars Obligated on IAGs*	Dollars Obligated on COE IAGs*	Dollars Obligated on Other Agency IAGs*	% of Dollars Obligated on COE IAGs
Region 1	\$ 615	\$ 583	\$ 32	95
Region 2	\$ 1,037	\$ 1,020	\$ 17	98
Region 3	\$ 350	\$ 328	\$ 22	94
Region 4	\$ 153	\$ 136	\$ 17	89
Region 5	\$ 151	\$ 108	\$ 43	72
Region 6	\$ 179	\$ 156	\$ 23	87
Region 7	\$ 12	\$ 8	\$ 4	67
Region 8	\$ 232	\$ 63	\$ 169	27
Region 9	\$ 185	\$ 124	\$ 61	67
Region 10	\$ 187	\$ 182	\$ 5	97
OSWER	\$ 466	\$ 38	\$ 428	8
Total	\$ 3,567	\$ 2,746	\$ 821	77

*Dollars in millions

Some of the issues that were raised included the following:

- The Agency needs to manage IAGs with other federal agencies better, particularly billing and oversight.
- There is a perception in the Agency that some Regions are using IAGs as a default vehicle instead of deliberately choosing an IAG because of the unique capabilities of the other federal agency or specific cost issues.
- The overhead rates charged by the Corps and by other federal agencies appear to vary widely. Frustration with the IAG billing process is widespread, both in terms of lump-sum invoices submitted and long delays in resolving outstanding billing issues.

In IAGs specifically with the Corps, there appears to be a wide variation in costs that the individual Corps districts include in the IAGs. Some districts require that their Project Planning and Management Division (PPMD) services be included, while others do not. The value of including PPMD is not clear to all Regions. Some Regions report that PPMD's inclusion appears to delay reports generated by the construction, engineering, and real estate groups, sometimes for several months, thus preventing them from reaching EPA in a timely fashion.

The issues raised during interviews reinforced the findings and recommendations from the *Evaluation of the Performance of the Corps of Engineers in Support of EPA's Superfund Program*, which concluded that, on the whole, "the Corps is viewed as having done a good job assisting EPA to manage the Superfund program." However, several

regions are concerned about certain aspects of the Corps' performance. The following recommendations are primarily geared toward strengthening coordination between the Corps and EPA, improving oversight of field programs, and establishing Corps performance incentives. They complement the Report recommendations, while providing a particular focus on cost savings.

The following recommendations refer to IAGs with the Corps, primarily because most of the IAGs for site cleanup are with the Corps. Nevertheless, these recommendations should be applied to IAGs with all federal agencies where applicable.

Recommendation 92: OSWER and OARM should analyze how much EPA is paying other federal agencies in indirect cost rate, PPMD, and other costs. For Corps IAGs, these costs should be analyzed at the district level—not just at the national level. (Near term)

Recommendation 93: EPA headquarters should negotiate a national overhead rate for all IAGs depending on the results of the (above) analysis. In addition to eliminating the tremendous variability in overhead rates charged to the Regions, this single, national rate should be negotiated with the intent of minimizing costs to EPA. (Long term)

Recommendation 94: The Regions should continue or should re-establish regular meetings between regional senior managers and their counterparts to discuss project milestones, deliverables status, and opportunities to minimize cost growth. (Near term)

Taking Full Advantage of Special Accounts

On the whole, as discussed in the enforcement findings chapter, the Regions have done an excellent job establishing special accounts. However, there is significant variability in the Regions' understanding of the uses and benefits of special accounts. The Agency currently has approximately 390 special accounts on which it has collected and received \$1.38 billion in interest as of March 12, 2004 (67 percent of these accounts have been created since FY 2000). Approximately \$680 million of this total has been obligated. The \$700 million still available must be obligated for specific sites consistent with the agreements with the PRPs.

The Agency has established these accounts for a multitude of purposes, including:

- use by PRPs to conduct work at a site or an operable unit;
- holding funds when PRPs “cash out” for an entire site or an operable unit prior to construction at a site (those who “cash out” may be a *de minimis* PRP, have a limited ability to pay, or pay their fair share);
- oversight of work at the site (some Regions do not start using those funds until one year after the establishment of the special account); and
- future work at the site.

In the last two cases, the PRPs may also have provided funds for past costs at the site.

The increased establishment of special accounts in recent years has been an important development in the Superfund program. Special accounts free up appropriated funds so they can be used for other program or enforcement priorities, and reduce the transaction costs (obligations and deobligations) associated with cost recovery. However, because each account must be managed consistent with the requirements of the consent decree, special accounts have greatly expanded the administrative workload under the Superfund program. (See *Chapter 4: Enhancing Enforcement* for a discussion and recommendations regarding policy issues surrounding special accounts.)

Best Practice: Region 3 holds an annual site-specific planning meeting to discuss the use of special accounts. The meeting involves the branch chief, the RPM, and individuals from the enforcement and comptroller's offices. These meetings ensure that special account dollars are used in a timely and appropriate manner and that any questions regarding the account can be addressed early in the process.

Recommendation 95: OCFO should develop fact sheets on setting up special accounts, utilizing special account dollars, and closing out the accounts. (Near term)

Recommendation 96: OECA and OCFO should design reports that clearly describe the use and status of special accounts, and should provide them to managers in the Regions and headquarters on a regular basis. (Long term)

Recommendation 97: OECA should identify the oldest special accounts and then meet with the Regions to discuss uses of those dollars and progress toward using them. Because many of the older special accounts may not have had the benefit of model consent decree language and may be more complex in terms of their use and closeout, these accounts may need specific attention. OECA may want to review model consent decree language to make sure it maximizes the Agency's flexibility (for use at the specific site as well as other sites). (Near term)

Enhancing Management Tools

To successfully manage a complex environmental program with multiple sources of funding, managers and staff need easy access to information. Superfund managers need programmatic and management (finance, grants, contracts, etc.) reports. RPMs and OSCs need site-specific information, contract and IAG information, etc. All parts of the program have a need for easy access to information that is presented in a way that is useful to them. Various tools are currently being used or being developed within the Agency that can facilitate access to program information. These tools should be shared across the program to avoid duplicative efforts.

Across the Agency, programs are developing tools to make the older systems (financial and programmatic systems) more useful to staff and managers. For example, OCFO has developed ORBIT, a web-based financial, administrative, and operations reporting tool that is designed to expand significantly the integration of Agency, financial,

administrative, and program performance information. ORBIT will enhance the ability of EPA managers to make more informed decisions about their programs and operations.

EPA is also working to modernize some of its agency-wide systems. For example, OARM is continuing its development and deployment of the IGMS, which when completed, will allow the Agency to award, manage, and close out grants and interagency agreements electronically.

The Superfund program is reviewing its own systems. Currently, the program is addressing three areas: (1) re-engineering the Comprehensive Environmental Response, Compensation and Liability Information System by evaluating the whole system from how it handles information to what should actually be stored in the system; (2) creating the Institutional Controls Tracking System, which will document and track parts of the remedy (e.g., deed controls) and the protectiveness of the remedy; and (3) reviewing the whole range of OSWER information technology (IT) systems and applications to determine how they might be modified to most logically and effectively relate to each other and to Agency-wide IT resources.

Because of cost recovery requirements, the Superfund program probably has more experience with electronic record keeping than many other Agency programs. The benefits of electronic record keeping include reducing the growth of on-site paper storage costs, increasing accuracy, reducing research time for users, improving Freedom of Information Act response times, and allowing faster analysis of data.

Some examples of systems developed by the Regions to assist with electronic record keeping are the Web-Integrated Superfund Document Management System (WISDMS) and ReportLink. WISDMS was developed by Region 6 and is now being used by other Regions and the Office of Site Remediation and Technology Innovation. This system stores scanned electronic documents in a web-based environment. ReportLink was developed by Region 1 and will be available to all Regions in the summer of 2004. ReportLink is a “report library” that allows Superfund program staff to print various reports.

Recommendation 98: OARM and OCFO should work with Senior Resource Officials to communicate the development and deployment status of new Agency-wide systems (financial management, grants and IAG management). (Near term)

Recommendation 99: OSWER and the Regions should evaluate which systems and tools currently exist or are under construction and should circulate this information in order to avoid duplication of data systems and tools. OSWER should also establish a process by which future plans and systems are communicated across the program. (Long term)